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NANKING, TIENSIN, KIRIN REPORT ECONOMIC SITUATIONS

NANKING STABILIZES MARKETS, PRICES -- Nanking Hsin-hua Jih-pao, 24 Jul 50

Nanking -- Since the adoption by the Central government of the financial and economic unification policy, the nine government trading organizations through their operations in Nanking have done much to stabilize prices and markets. These government trading companies deal in the following commodities: foodstuffs, cotton cloth, sundry native products, department store articles, salt, coal, mineral oils, bristles and skins, and they have substantial results to their credit.

The good effects were first noticeable in connection with food, cloth, edible oils, salt, coal, and kerosene, where the government trading companies not only brought supply and demand into adjustment, but through the consumers' cooperatives, they served a large body of consumers who thus benefited by substantial economies. Had it not been for the National Foodstuffs Corporation and its precautionary planning and stocking of provisions, Nanking would have suffered seriously during this spring's (1950) famine period. Last winter, before the China Foodstuffs Corporation was formed, unscrupulous private merchants undertook to corner the comparatively limited grain supplies on the market, the price was forced up, and great hardship was worked on the people. But, after its formation, it sent out buyers to designated localities, bought up ample supplies of grain, and transported them to the city where they were dumped on the market at reasonable prices, thus breaking up the private monopoly. In the case of rice, the price was brought from a peak of 245,000 yuan per picul to 178,000 yuan per picul. Marked success was also recorded in connection with salt, coal, and kerosene.

For the past 4 months since the adoption of the financial and economic unification policy, the prices of foodstuffs, salt, coal, and kerosene have been comparatively stable and lower than in March 1950. While it is true that the prices of cloth and edible oils have fluctuated somewhat, the price spread has not been great. At the same time, the financial operations of the government trading companies have been quite successful. Up to the end of June 1950, the intake in the trade treasuries amounted to 28,810,821,987 yuan. Although

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this is the slack season for skins and hog bristles, since the end of March some 4 billion yuan has been invested in those commodities. Although for some time the difference between the wholesale and retail prices was not properly adjusted, now due to the Central government's adjustment of relations between government and private commercial concerns, and the efforts of the Bureau of Industry and Commerce of the Nanking People's government, this situation, step by step, is being improved.

TIENTSIN REPORTS MARKET SITUATION -- Tientsin Jih-pao, 19 Jul 50

The general index for Tientsin commodity prices in June 1950 is 160.21 as computed on the price of 25 essential commodities for the base period of December 1949. The present index represents a rise of 4.44 percent above the preceding month. The situation, characterized by blocked markets and listless commodities, which followed the stabilization of commodity prices, has now been reversed. The market has shown signs of increased activity since the government has been purchasing agricultural products and by-products, emphasizing the maintenance of industrial enterprise, and adjusting its revenues. The drop in provisions, coal, and salt, and the rise in industrial products and raw materials, are concrete evidence of this.

Since new wheat came on the market, transactions in coarse grains have fallen 8.34 percent. Millet dropped 16.16 percent; wheat flour, 8.34 percent; maize, 8.9 percent or more; others fell about 3 or 4 percent. Food by-products fell 1.72 percent. The reduction of the tax rate brought Ch'ang-lu salt down 41.26 percent. Sugar rose 12.33 percent because sources were unsteady, resulting in increased sales, while speculative businessmen held goods to raise prices.

Fuel dropped 3.6 percent. Cotton yarn and cloth rose 3.57 percent. Under the impetus of national trade adjustments, yarn rose 1.17 percent; raw cotton, 2.53 percent; white cloth fell 0.69 percent, but colored cloth rose 11.26 percent because of the rise in dye costs and the extended markets abroad. Six items of general merchandise rose as follows: sulfide blue, 24.74 percent; tires, 16.6 percent; matches, 19.12 percent; soda, soap, and cigarettes, from 1 to 7 percent.

This reveals the need for readjustment of three factors: the irregular margin between wholesale and retail prices; the excessively high price of imported goods; and the discrepancy between local prices in different areas.

Market transactions have increased during June: 72,590,000 catties of foodstuffs were marketed, which is a rise of over 12 percent above the May figure of 64,330,000 catties. Wheat flour transactions increased 121.3 percent during the period; cloth, 39.24 percent; yarn, 72.24 percent. The amount of goods marketed by the National General Merchandise Corporation was 62.07 percent above the May figure. Wheat flour sales by private merchants were 11.99 percent above the preceding month; mid-June sales exceeded mid-April sales by about 40 percent. As the nation moves large lots of food, the markets accumulate rich stocks; as a consequence, there is still evidence of great supply and small demand.

The National Trade Corporation's price adjustment has remedied the disjointed condition formerly existing between official and market prices. Yarn is high by 1.35 percent; cloth, by 0.82 percent. The recent appearance of new wheat on the market has reduced the demand for coarse grains and there is still a discrepancy between the official price and the market quotation. Since the official prices were adjusted downward on 23 June, the differential has been greatly reduced.

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There is some discrepancy between local prices in market and production areas respectively. March and April were abnormal, then the trend began to turn at the end of April. Since the last 10 days of May, a differential of about 10 percent has obtained in general-merchandise items. Kung [trade mark] sulfide blue [in Tientsin] differs by about 10 percent from the price in Mukden and Kalgan. Soda in Shih-chia-chuang differs by 12 percent, and by 11 to 15 percent in Yu-chou and the Northwest. The price of yarn in the market areas is now higher than in the production areas. These changes have helped the advancement of urban-rural commodity exchange. Statistics on yarn and cloth transactions showed that foreign markets took care of more than 22 percent of the total production during the first 10 days of June; but in the middle 10-day period, this rose to just under 50 percent. Some items still need to be adjusted, however.

Since June, the exchange ration between agricultural products and industrial products has basically been rectified from its unbalanced state of 1949. Between mid-April and the end of June, industrial products have risen, while agricultural products have dropped. This development in the exchange ratio has proved beneficial to industry.

The outbreak of civil war in Korea on 25 June and the arrogant statements of Truman have led certain speculative merchants to manufacture rumors and to seize this opportunity for unfair practices, so that prices have risen considerably and exceeded their proper levels.

Aside from the proper handling of financial policy by the nation, the main reason for the normal market activities in June is that national commercial agencies have adjusted retail and wholesale prices. Next in importance is the development of true purchasing power displacing the false. This is especially conspicuous with the appearance of new wheat and the consequent increase in real markets. The proper seasonal marketing of certain products has also provided a definite stimulus to market activities.

Although the June market has shown outstanding improvement, the rumors, speculations, unfair practices, etc., of some merchants are still difficult to countenance under the present conditions of price stabilization. In the future, the government should strengthen controls, to supplement the powerful administration in national commercial agencies. In consideration of national commerce and the threefold principle of production, transportation, and marketing, better cooperation should be secured between public and private enterprises, prices should be properly controlled, and a greater effort should be made to educate speculative tradesmen toward reform, if the market situation is to advance further. -- Research Office, Bureau of Commerce and Industry.

DESCRIBES ECONOMIC DEVELOPMENT IN KIRIN -- Peiping Jen-min Jih-pao, 23 May 50

Kirin, 15 May (Hsin-hua) -- From May 1949 to the present, the number of workers in publicly owned factories in Kirin increased from two to six times. There were 600 workers employed in publicly owned factories during this time last year. During the same period, the number of workers employed in publicly-owned factories and enterprises, not counting railroad factory workers, increased from 5,000 to 14,000.

The number of workers in privately owned factories increased by 4.8 percent; the number of factories increased by 11.7 percent; and capital increased by 12.5 percent.

The demands of such articles as chinaware, mats, and gunny sacks have facilitated the increase of chinaware and mat-article factories by 131.5 percent and increased capital by 188 percent since May 1949.

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During the same period, the number of state-owned stores increased by four times. The number of store clerks increased 100 percent. Total sales amounted to 24,603,000,000 yuan in Northeast currency. This is an increase of about 8,601,300,000 yuan since May 1949. The number of cooperatives increased from 36 to 45 and membership from 25,000 to 41,000.

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